

## Message Text

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51 40

ACTION FS-01

INFO OCT-01 NSC-05 NEA-09 ISO-00 ABF-01 L-02 OMB-01 DODE-00

TRSE-00 SP-02 EB-07 SS-15 PRS-01 INR-07 A-01 DRC-01

/054 W

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R 111150Z MAR 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 8438

INFO AMEMBASSY PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 TUNIS 1433

PARIS FOR RFC

EO 11652: N/A

TAGS: ABUD, EFIN, TS

SUBJ: CONTROVERSY OVER EMBASSY ACCOMMODATION EXCHANGE  
PROCEDURES

SUMMARY. ON MARCH 5 SENIOR OFFICIALS OF TUNISIAN CENTRAL BANK INFORMED EMBOFFS THAT EMBASSY VIOLATING USG-GOT AGREEMENTS BY SELLING US-OWNED DINARS TO VISITING OFFICIAL AMERICANS INCLUDING NAVY PERSONNEL ON VISITING SIXTH FLEET SHIPS. BCT DOES NOT DENY USG RIGHT TO USE US-OWNED DINARS BUT CLAIMS BCT FACILITY SHOULD BE USED, NOT EMBASSY CASHIER. EMBASSY WAS INFORMED TUNISIANS CUSTOMS HAD BEEN GIVEN ORDER TO TAKE ACTION AGAINST PERSONNEL FROM USS BLANDY, NOW VISITING SFAX, IF FOUND IN POSSESSION OF "IRREGULARLY" OBTAINED DINARS. ON MARCH 8 AMBASSADOR RAISED ISSUE WITH FONMIN CHATTI, WHO AGREED TO HAVE ACTION AGAINST BLANDY CREW CALLED OFF BUT REINTERATED CLAIM THAT STANDARD EMBASSY PROCEDURE IN FURNISHING DINARS TO VISITING USG EMPLOYEES WAS ILLEGAL AND CONTRARY TO AGREEMENTS DATING TO 1964. EMBASSY SEEKING BACKGROUND INFORMATION ON SITUATION WHICH COULD LEAD TO SERIOUS FRICTION OR RESTRICT OUR ABILITY TO DISPOSE OF US-OWNED DINARS AND WILL DETERMINE POSSIBILITY ON ESTAB-  
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LISING ACCEPTABLE PROCEDURES FOR FUTURE.

ACTION REQUESTED. EMBASSY NEEDS URGENTLY ANY COPIES OF DOCUMENTATION DEPT. MAY POSSESS ON THIS SUBJECT AND ANY SPECIAL GUIDANCE AND JUSTIFICATION FOR PRESENT EMBASSY PROCEDURES ON ACCOMMODATION EXCHANGE. END SUMMARY.

1. AMBASSADOR MET WITH FOREIGN MINISTER CHATTI SATURDAY AFTERNOON, MARCH 8, TO EXPRESS EMBASSY'S CONCERN AT ANTICIPATED TUNISIAN UNILATERAL ACTION WITH REGARD TO US SAILORS DISEMBARKING AT SFAX FROM AMERICAN SIXTH FLEET SHIP BLANDY, MONDAY, MARCH 10. AMBASSADOR SAID EMBASSY HAD ONLY LEARNED BY CHANCE A COUPLE OF DAYS EARLIER THAT CENTRAL BANK HAD MADE A FINDING THAT EMBASSY CASHIER HAD NO RIGHT TO USE HIS FACILITIES TO SELL DINARS TO AMERICAN SAILORS, OR TO OTHER OFFICIAL AMERICANS NOT RESIDENT IN TUNISIA. CENTRAL BANK HAD EVIDENTLY THEREUPON ISSUED INSTRUCTIONS TO CUSTOMS AGENTS TO INTERCEPT AMERICAN SAILORS IN POSSESSION OF DINARS EXCHANGED BY US EMBASSY CASHIER. AMBASSADOR WENT ON TO SAY THAT EMBASSY IS ASTONISHED AT THIS DEVELOPMENT, WHICH IS INCOMPATIBLE WITH EXCELLENT RELATIONS EXISTING BETWEEN OUR TWO COUNTRIES. WE ARE NOT AWARE OF ANY AGREEMENTS WHICH PROHIBIT SUCH ACTIVITIES, AND IN ANY CASE LET US HAVE A DIALOGUE ON THE SUBJECT BEFORE ANY ACTION IS TAKEN. WE, OF COURSE, WISH TO COMPLY WITH TUNISIAN REGULATIONS, AND WE WOULD BE PLEASED TO MEET WITH TUNISIAN OFFICIALS TO WORK OUT SATISFACTORY ALTERNATIVE ARRANGEMENTS.

2. CHATTI STRESSED ILLEGALITY OF OUR CURRENT CASHIER PROCEDURES AND OBSERVED THAT GOT IS NOT RPT NOT OBJECTING TO USE OF ITS TREASURY-OWNED DINARS IN EXCHANGE TRANSACTIONS FOR AMERICAN PERSONNEL. ISSUE IS ONE OF FORM RATHER THAN SUBSTANCE. CHATTI SUPPORTED CLAIM OF ILLEGALITY BY CITING TWO LETTERS SENT TO THE EMBASSY IN 1964 AND 1965 SPELLING OUR RIGHTS OF EMBASSY CASHIER. HE UNDERTOOK TO SUPPLY COPIES OF THESE LETTERS TO EMBASSY. AMBASSADOR AGAIN REITERATED IMPORTANCE THAT WE TALK THIS THING OUT BEFORE ANY PUNITIVE TUNISIAN ACTION IS TAKEN. CHATTI AGREED THAT CENTRAL BANK INSTRUCTIONS TO CUSTOMS AGENTS MAY HAVE BEEN PREMATURE AND UNDERTOOK AT AMBASSADOR'S REQUEST TO RECOMMEND THAT CUSTOMS AGENTS BE CALLED OFF IN INSTANCE OF BLANDY LIMITED OFFICIAL USE

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VISIT SINCE SATISFACTORY ALTERNATIVE ARRANGEMENTS COULD NOT RPT NOT BE WORKED OUT IN TIME. AMBASSADOR PROPOSED THAT EMBASSY OFFICIALS MEET FOLLOWING WEEK WITH TUNISIAN COUNTERPARTS TO DEVELOP SATISFACTORY ALTERNATIVE. AMBASSADOR STRESSED THAT THIS ALTERNATIVE MUST BE EFFICIENT AND EXPEDITIOUS SINCE AMERICAN NAVAL SHIP VISITS ARE BRIEF AND SAILORS, ONCE THEY GET OFF SHIP, WANT TO GO RIGHT INTO TOWN AND SPEND MONEY. CHATTI

AGREED THAT ALTERNATIVE EXCHANGE ARRANGEMENT MUST BE FACILITATIVE, AND HE SUGGESTED POSSIBILITY THAT EMBASSY CASHIER MIGHT SERVE AS MIDDLEMAN BETWEEN CENTRAL BANK OFFICE AND US NAVAL PERSONNEL. IMPORTANT THING, HE SAID, IS THAT EXCHANGE BE FULLY CERTIFIED BY GOT AUTHORITIES.

3. MOHAMED BOUSBIA, DIRECTOR GENERAL OF TUNISIAN CENTRAL BANK (BCT), HAD INFORMED EMBOFFS MARCH 5 THAT EMBASSY DISBURSING OFFICE, BY SELLING US-OWNED DINARS TO VISITING AMERICANS FOR FOREIGN EXCHANGE, IS VIOLATING AGREEMENTS REACHED IN MID-60'S WITH GOT. BOUSBIA MADE CLEAR THAT HE

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TRSE-00 SP-02 EB-07 SS-15 PRS-01 INR-07 A-01 DRC-01

/054 W

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R 111150Z MAR 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 8439

INFO AMEMBASSY PARIS

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WAS NOT CHALLENGING US RIGHT TO SELL ITS SURPLUS DINARS TO US NATIONALS BUT WAS INSISTING THAT AMERICAN VISITORS, BE THEY TOURISTS OR OFFICIAL PERSONNEL, SHOULD ACQUIRE US-OWNED DINARS ONLY THROUGH SPECIAL CENTRAL BANK CHANNELS SET UP FOR THIS PURPOSE, NOT THROUGH EMBASSY, WHICH IS NOT LICENSED FOREIGN EXCHANGE DEALER. HE ADDED, HOWEVER, THAT EMBASSY COULD CONTINUE TO SELL DINARS TO RESIDENT OFFICIAL AMERICANS, BUT THAT ANY VISITING AMERICAN ACQUIRING DINARS THROUGH EMBASSY CHANNELS AT PRESENT TIME RISKED SERIOUS DIFFICULTIES WITH TUNISIAN CUSTOMS AND FINANCIAL AUTHORITIES.

4. EMBOFF INFORMED BOUSBIA THAT, AS MATTER OF APPROVED POLICY,

EMBASSY INSTRUCTS OFFICIAL USG EMPLOYEES VISITING OR RESIDING IN TUNISIA TO ACQUIRE THEIR DINARS ONLY RPT ONLY THROUGH EMBASSY CASHIER. EMBASSY ASKS NON-OFFICIAL AMERICANS, INCLUDING TOURISTS, TO PURCHASE US-OWNED DINARS FROM SPECIAL CENTRAL BANK FACILITY TO MEET THEIR NEEDS. SINCE BOTH EMBASSY AND CENTRAL BANK FACILITY DRAW ON SAME US-OWNED DINAR DEPOSITS AND SINCE FOREIGN EXCHANGE INSTRUMENTS OBTAINED IN PAYMENT IN BOTH CASES ARE DEPOSITED WITH US TREASURY, EMBOFF COULD NOT UNDERSTAND BCT'S CONCERN. CASHIER IS INSTRUCTED NOT TO ACT AS FOREIGN EXCHANGE DEALER FOR NON-OFFICIAL AMERICANS. EMBOFF ALSO LIMITED OFFICIAL USE

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NOTED THAT NONE OF AMERICANS AT EMBASSY AT PRESENT TIME AWARE OF ANY FORMAL AGREEMENTS FURTHER LIMITING AUTHORITY OF EMBASSY CASHIER AS DESCRIBED BY BOUSBIA.

5. AFTER BEING REPEATEDLY PRODDED FOR SPECIFIC EXAMPLES, BOUSBIA NOTED THAT DURING RECENT SIXTH FLEET SHIP VISIT CUSTOMS OFFICIALS HAD COMPLAINED THAT CREW WERE RECEIVING DINARS THROUGH AMERICAN EMBASSY CHANNELS RATHER THAN THROUGH ESTABLISHED FOREIGN EXCHANGE DEALERS. HE SAID THAT IT IS POSSIBLE SHIP'S PERSONNEL WILL NOT BE PERMITTED OUT OF PORT AREA ON NEXT VISIT IF THEY HOLD DINARS "IRREGULARLY" ACQUIRED. HE ALSO NOTED THAT FOREIGN MINISTRY HAS BEEN APPRISED OF MATTER AND IT VERY LIKELY THAT FONMIN HIMSELF WILL WISH TO RAISE SUBJECT WITH AMBASSADOR.

6. AMERICAN POLITICAL DESK OFFICER AT MOFA SUBSEQUENTLY TOLD EMBASSY THAT HE DISCOVERED THAT CUSTOMS OFFICIALS HAVE BEEN "GIVEN INSTRUCTIONS" IN EVENT THEY DISCOVER THAT ANY OF PERSONNEL OF USS BLANDY, SCHEDULE TO VISIT SFAX MARCH 10-14, POSSESS DINARS NOT OBTAINED FROM LICENSED FOREIGN EXCHANGE DEALER. BECAUSE OF URGENCY OF AVOIDING POSSIBLE INCIDENT, AMBASSADOR MADE DEMARCHE TO FONMIN CHATTI REPORTED PARAS 1 AND 2 ABOVE.

7. COMMENT: OTHER THAN OCT 21, 1966, EMBASSY LETTER TO CENTRAL BANK DEVOTED ALMOST ENTIRELY TO ESTABLISHMENT OF EXCHANGE FACILITY AT CENTRAL BANK DRAWING ON US-OWNED DINARS, EMBASSY HAS NO RECORD OF ANY FORM OF AGREEMENT LIMITING USE OF EMBASSY CASHIER IN PROVIDING ACCOMMODATION EXCHANGE FOR OFFICIAL AMERICANS INCLUDING SIXTH FLEET PERSONNEL (OR TOURISTS FOR THAT MATTER). SINCE MOST EMBASSY FILES OF THAT DATE HAVE ALREADY BEEN LONG RETIRED, EMBASSY WOULD APPRECIATE ANY INFORMATION WHICH MIGHT BE AVAILABLE IN WASHINGTON ON THIS SUBJECT. IN ADDITION TO TWO LETTERS CITED PARA 2, FON MINISTRY NOTE OF APR 26, 1966, EMBASSY LETTER TO BCT OF JUNE 18, 1966, AND BCT RESPONSE OF JULY 4, 1966, MIGHT BE RELEVANT. WE WOULD ALSO APPRECIATE ANY SPECIAL GUIDANCE DEPT. COULD

PROVIDE STRENGTHENING EMBASSY'S POSITION IN CONTINUING TO  
PROVIDE ACCOMMODATION EXCHANGE FACILITIES TO VISITING OFFICIAL  
AMERICANS AS WE HAVE IN PAST. WE ARE CONCERNED THAT MAIN  
OBJECTIVE OF BOUSBIA EFFORT IS TO FORCE CUMBERSOME SYSTEM ON  
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OFFICIAL VISITORS TO ACQUIRE US-OWNED DINARS AND THUS LEAD  
VISITORS TO PURCHASE DINARS FROM OFFICIAL FOREIGN EXCHANGE  
DEALERS, WITH FOREX ACCRUING TO GOT RATHER THAN US  
TREASURY.  
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## Message Attributes

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